

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Michael and Annie Beilenson

95-04515

Name of Respondents

Seaborad Securities Inc.
Angelo Gibilsco
Sergio Urratia

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on September 25, 1995 with the Claimants Michael and Annie Beilenson ("Claimants"), who appeared Pro Se, alleged that Respondents Angelo Gibilsco and Seaboard Securities, Inc., ("SSI") through their account executive, Respondent Sergio Urratia ("Urratia"), made an unauthorized purchase of 10,000 shares of Winners All International Inc., ("Winners") and sold without authorization 59 shares of HSI stock. Claimants further alleged that they informed Urratia they would only purchase the stock if they were able to withdraw or rollover Claimant Annie Beilenson's 401K. Claimants contended that Urratia stated that he would handle the 401K but needed Claimants to write a check until they received the funds. Claimants further contended that they informed Urratia that they did not have the funds to cover the check, Respondent Urratia assured them that SSI would not deposit the check until they received the funds from the 401K. Claimants further alleged that SSI did attempt to cash the check but Urratia explained it was an error. Claimants contended that they were informed the 401K could not be withdrawn, and further that Respondents sold 500 shares of KMART without their authorization to cover the loss from the sale of the Winners stock. Claimants alleged that as a result of Respondents' wrongdoing, they should be held liable in this matter.

Respondents Angelo Gibilsco and Seaboard Securities Inc., ("Respondents") through their representative and counsel William S. Clarke, of Princeton, New Jersey, maintained that at no time did Respondents purchase securities without Claimants' authorization. Respondents further maintained that they did not make any false statements or misrepresentations with regard to any securities. Respondents contended that Claimants instructed Urratia to sell the KMART shares to cover the purchase price for the shares of Winners. Respondents further contended that Claimants ratified the purchase when they sent a check to cover the purchase price. Respondents asserted that the shares of HSI were not sold and remain in Claimants' account. Respondents also asserted that they committed no wrongdoing, and therefore should not be held liable in this matter.

Respondent Sergio Urratia failed to file an Answer to the Statement of Claim.

In a Cross-Claim, Respondents Seaboard Securities Inc. and Angelo Gibilisco, alleged that Respondent Sergio Urratia was required to comply with Securities Laws at all times. Respondents further alleged that Claimants have asserted possible violations, which if proven, may expose them to liability. Respondents contended that if they are found to be liable to Claimants due to Sergio Urratia's conduct, that he indemnify, hold harmless and reimburse them.

Respondent Sergio Urratia failed to file an Answer to the Cross-Claim.

RELIEF REQUESTED

Claimants Michael and Annie Beilenson, requested \$9,372.28 in actual damages, plus interest and other costs.

Respondents Angelo Gibilisco and Seaboard Securities Inc., requested that the claims of the Claimant be dismissed.

In a Cross-Claim, Respondents Angelo Gibilisco and Seaboard Securities Inc., requested that Respondent Urratia indemnify them if they are found liable.

Respondent Sergio Urratia failed to file an Answer to the Statement of Claim and the Cross-Claim.

OTHER ISSUES CONSIDERED AND DECIDED

In accordance with Section 13 of the NASD Code of Arbitration Procedure, the Respondent Sergio Urratia was served by regular mail and given an opportunity to respond, which he failed to do. In addition, an overdue answer notice and notice of the identity of the Arbitrator were sent certified mail and service was effected as evidenced by the return receipt card on file at the NASD.

Pursuant to the By-laws of the NASD, the Arbitrator determined that Respondent Sergio Urratia had notice of the claim, and was required to submit to this arbitration proceeding; and is therefore bound by the Arbitrator's ruling and determination.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Thomas J. LoSavio, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Michael and Annie Beilenson on October 2, 1995 but not by the Respondents Angelo Gibilsco, Sergio Urratia and Seaboard Securities Inc., as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Seaboard Securities Inc., Angelo Gibilsco, and Sergio Urratia are jointly and severally liable and shall pay to the Claimants Michael and Anna Beilenson \$7,562.50 in actual damages.

2. Respondents Seaboard Securities Inc., Angelo Gibilsco, and Sergio Urratia are jointly and severally liable and shall pay to the Claimants Michael and Anna Beilenson, simple interest at the rate of 10% per annum from April 28, 1995 until the date of payment of the award.

3. The Cross-Claim of Respondents Seaboard Securities Inc. and Angelo Gibilsco against Respondent Sergio Urratia is denied.

4. The parties shall bear their respective costs.

5. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondents Angelo Gibilsco, Sergio Urratia, and Seaboard Securities, Inc., are jointly and severally liable and shall pay to the Claimants Michael and Anna Beilenson \$150.00 as reimbursement of the filing fees.

AFFIRMATION

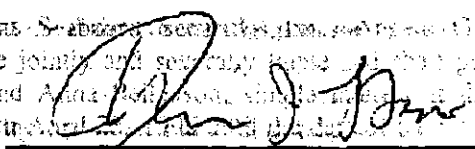
STATE OF California

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ss:

COUNTY OF San Francisco

I, Thomas T. LeSavie, do hereby affirm upon my oath as arbitrator that I am
the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: March 28, 1996